

Message Text

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PAGE 01 CARACA 00234 072247Z
ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 SSO-00 /018 W
-----072252Z 108872 /64
O 072230Z JAN 77
FM AMEMBASSY CARACAS
TO USDOC WASHC IMMEDIATE
INFO SECSTATE WASHDC 6183

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FOR SECRETARY RICHARDSON FROM AMBASSADOR VAKY

EO 11652 NA
TAGS: BEXP VE
SUBJ: US EXHIBITION FACILITY FOR CARACAS

REF A) USDOC 21803; B) USDOC 21838; C) BREWER/
SWETT TELCON OF JAN 7

1. I AM GREATLY DISTRESSED TO BE INFORMED THAT A
COMERCE DECISION--ITSELF THE RESULT OF APPARENT SERIOUS
MANAGEMENT OVERSIGHT AND MISCALCULATION BY USDOC OFFICIALS--
WILL, IF IT STANDS, REQUIRE US TO RENEGE ON A CONTRACT WITH A
PRESTIGIOUS UNIVERSITY AND POWERFUL LOCAL BUSINESS GROUP FOR
A COMMERCIAL EXHIBITION BUILDING. I DO NOT EXAGGERTATE WHEN I
SAY THAT THIS SITUATION INVOLVES NO LESS THAN THE FAITH
AND CREDIT OF THE USG, AND THAT WE RISK SERIOUS BAD
FEELINGS WITH SIGNIFICANT LOCAL POWER GROUPS. THAT I
BRING THIS TO YOUR PERSONAL ATTENTION IS AN INDICATION
OF HOW IMPORTANT AND SYMBOLIC I THINK THIS PROBLEM IS.

2. THE FACTS AND BACKGROUND ARE AS FOLLOWS: ON
DEC 21, 1976 THIS EMBASSY WAS INSTRUCTED (REF A)
TO SIGN A CONTRACT (REF B) BETWEEN THE GOVT OF THE
US AND THE METROPOLITAN UNIVERSITY OF CARACAS
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PAGE 02 CARACA 00234 072247Z

WHEREBY OUT GOVT AGREED TO ERECT A DEMOUNTABLE
STRUCTURE ON LAND OWNED BY THE UNIVERSITY. THE STRUCTURE
IS TO BE USED FOR A SERIES OF US COMMERCIAL EXHIBITIONS
OVER A TEN YEAR PERIOD. THE UNIVERSITY IS TO BE PERMITTED
PART-TIME USE OF THE STRUCTURE IN RETURN FOR THE USE OF
THE SITE. ON DEC 24 THE CONTRACT WAS SIGNED PURSUANT
TO INSTRUCTIONS CONTAINED IN REFS A AND B WHICH INCLUDE

A DETAILED DESCRIPTION OF THE SIZE AND FORM OF THE BUILDING. THE METROPOLITAN UNIVERSITY OF CARACAS WAS FOUNDED AND IS GUIDED BY VENEZUELA'S MOST POWERFUL AND MOST RESPECTED INDUSTRIALIST, EUGENIO MENDOZA, IN NEGOTIATING THE CONTRACT IN QUESTION THIS EMBASSY DEALT DIRECTLY WITH MR MENDOZA.

3. ON JAN 7 WE WERE INFORMED BY COMMERCE (REF C) THAT THERE IS A SHORTFALL OF \$100,000 IN THE USDOC BUDGET FOR CONSTRUCTION OF THE EXHIBITION STRUCTURE, AND THAT WE THEREFORE CANNOT CONSTRUCT A BUILDING ACCORDING TO THE SPECIFICATIONS IN THE CONTRACT. THIS FRANKLY IS NOT A SITUATION THAT CAN BE HANDLED BY A SIMPLE RENEGOTIATION. WE PUSHED THE UNVIERSTITY AND MENDOZA HARD FOR THIS BUILDING AT USDOC'S INSISTENCE. MENDOZA HIMSELF SPECIFICALLY REQUESTED THE TYPE OF BUILDING SPECIFIED AND WE SPECIFCALLY AGREED AND SINGED A CONTRACT. IF WE CANNOT NOW ACCOMPLISH THIS PROJECT IN ACCORD WITH THE CONTRACTUAL TERMS, THIS EMBASSY, THE MEMBERS OF THIS MISSION, AND ULTIMATELY THE USG, CAN BE ACCUSED OF BAD FAITH AND BREACH OF TRUST. INDEED, WERE IT NOT FOR SOVEREIGN IMMUNITY WE WOULD BE SUBJECT TO SUIT IN VENEZUELAN COURTS. AT BEST WE WILL REAP CONSIDERABLE ILLWILL AND THE PROBABLE UNWILLINGNESS OF MENDOZA TO PROCEED FURTHER WITH THIS PROJECT.

4. FRANKLY WHAT I FIND UNCONSCIONABLE IS THAT COMMERCE OFFICIALS SHOULD HAVE INSTRUCTED US TO SIGN A CONTRACT LIMITED OFFICIAL USE

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PAGE 03 CARACA 00234 072247Z

WITHOUT HAVING ASSURED THEMSELVES THAT FUNDS WERE AVAILABLE TO COMPLY WITH IT. I WOULD THEREFORE BE GRATEFUL IF YOU COULD HAVE THIS DECISION REVIEWED. I CONSIDER IT ESSENTIAL FOR GOOD RELATIONS, FOR POLITICO-PSYCHOLOGICAL REASONS AND FOR THE SAKE OF THE GOOD WORD OF THE USG AND OF THE SACREDNESS OF CONTRACT THAT WE BE ABLE TO COMPLY WITH THE CONTRACT WE HAVE SIGNED.
VAKY

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NNN

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Sent Date: 07-Jan-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
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